



## OFFICE OF THE COUNTY AUDITOR

Ronald S. Weinstein, CPA  
County Auditor

### MEMORANDUM

August 1, 2006

*M O O -*  
MEMO TO: Marc DesMangles, Chief  
Office of Central Services

*Sharon*  
Sharon F. Greisz, Director  
Department of Finance

THRU: Ronald S. Weinstein *R*  
County Auditor

FROM: Lisa L. Geerman *Lisa - Y/AAA*  
Assistant County Auditor

SUBJECT: Annual Physical Inventory Count - FY 2006  
Central Stores

The Office of the County Auditor visited the Office of Central Services on June 29 and 30, 2006, to observe the annual physical inventory counting process for the year ending June 30, 2006. The inventory list of stationery supplies showed a total value of \$34,433.42 (\$30,204.75 before 14% markup) as of June 29, 2006. We observed the counting of 100% of the inventory. The total value of the inventory after the count was \$34,433.42 (\$30,204.75 before markup). We found no differences in any of the 66 different items.

The value of the inventory has decreased over the past year by almost 25%, following a decrease the previous year of over 25%. This is due to a policy implemented by the Office of Central Services to eliminate from inventory those items which can be purchased utilizing requirements contracts or procurement cards. No additional purchases are being made of stationery supplies.

After the physical inventory was conducted, in an effort to further reduce the inventory, an employee sale was announced on July 1, 2006. Most items remaining are available for purchase at 50% off the listed price which includes the markup.

In addition, we found obsolete items in the stationery supplies inventory which should be removed from inventory. Specifically, there are 15 cases of perforated computer paper in inventory with a value of \$18 per case. This paper is no longer used in county printers. We recommend that:

7. The Office of Central Services dispose of the perforated computer printer paper which is obsolete. Inventory records should be adjusted accordingly.

There is a separate inventory of forms located in the warehouse. We observed the warehouse stores inventory counting process on June 29, 2006. The total value of that inventory was \$516.34, before and after the count. We found no differences in any of the four different items.

There is an additional separate inventory of graphic supplies located in the storeroom. We observed the inventory counting process on June 30, 2006. The total value of that inventory was \$16,244.25, before and after the count. We found no differences in any of the 77 different items.

We would like to commend the Office of Central Services for its excellent inventory accountability again this year.

The Department of Finance does not keep perpetual inventory records. A year-end adjusting entry is made after the inventory is taken. The inventory records in the Department of Finance were adjusted to reflect a total inventory balance of \$46,965.34 (\$30,204.75 stores inventory plus \$516.34 warehouse inventory plus \$ 16,244.25 graphics supplies inventory) for fiscal year 2006.

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cc: Council Members  
James N. Robey, County Executive  
Raquel Sanudo, Chief Administrative Officer  
Lois Miller, Administrative Services Officer